

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9204
Order No. R-8519

APPLICATION OF SAMEDAN OIL
CORPORATION FOR A NON-STANDARD
GAS PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of October, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Samedan Oil Corporation, seeks the approval of a 160-acre non-standard gas proration unit consisting of the SE/4 SW/4, NE/4 SE/4, and the S/2 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Hughes Federal Well No. 3 located 660 feet from the South line and 2080 feet from the West line (Unit N) of said Section 17.
- (3) The entire non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) At the time of the hearing, the applicant further requested that approval of the subject non-standard proration unit be made effective April 28, 1987, for purposes of assignment of allowable.

(6) The record in this case shows that an application for a non-standard proration unit was originally filed with the Division for administrative approval on April 28, 1987, and that the application was subsequently set for hearing.

(7) Inasmuch as the advertisement for this case does not contain the request by the applicant for an effective order date of April 28, 1987, the examiner at the time of the hearing directed the applicant to notify and obtain a waiver of objection from offset operators who had production in the Jalmat Gas Pool.

(8) Subsequent to the hearing, the applicant provided the Division with a waiver of objection from Penroc Oil Corporation, the only offset operator with Jalmat Gas Pool production.

(9) Approval of the subject application effective April 28, 1987, will not violate correlative rights and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

(1) A 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 SW/4, NE/4 SE/4, and the S/2 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the applicant's Hughes Federal Well No. 3 located 660 feet from the South line and 2080 feet from the West line (Unit N) of said Section 17.

(2) The effective date of this order shall be April 28, 1987.

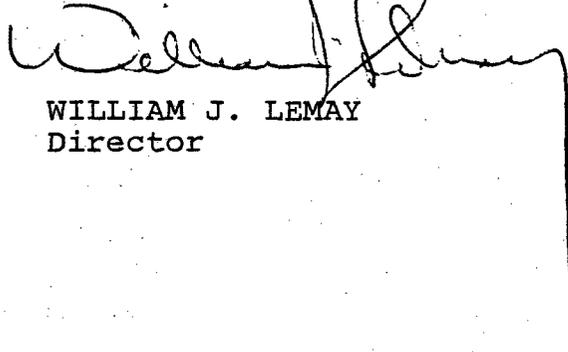
-3-

Case No. 9204
Order No. R-8519

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

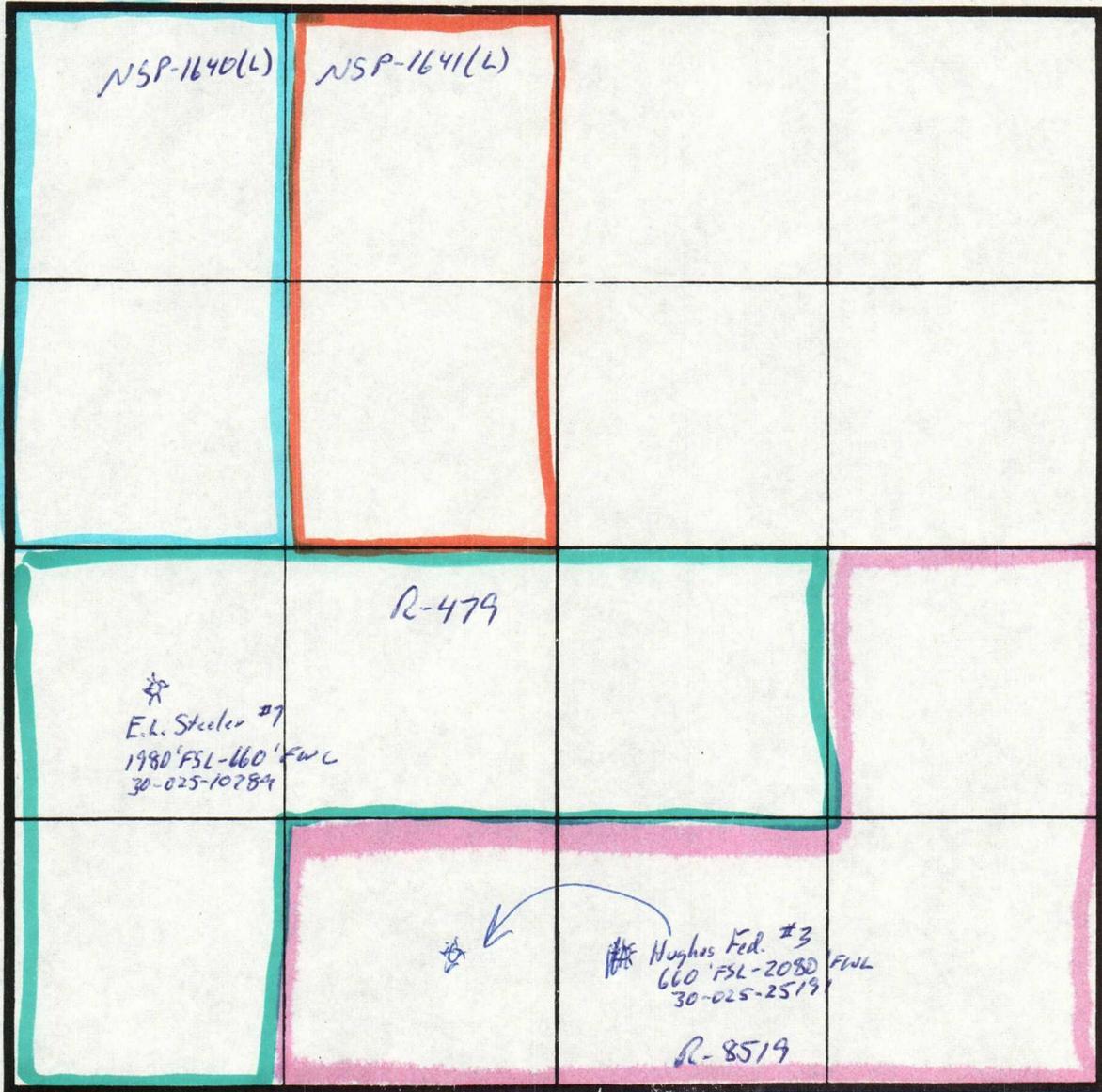


WILLIAM J. LEMAY
Director

S E A L

fd/

Sec. 17 Township No. T23S of Range No. R37E



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 703
Order No. R-479

THE APPLICATION OF SKELLY OIL COMPANY
FOR AN ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 7 (a) OF
ORDER NO. R-369-A IN ESTABLISHMENT OF AN
UNORTHODOX GAS PRORATION UNIT OF 160
CONTIGUOUS ACRES CONSISTING OF THE WEST
HALF SOUTHWEST QUARTER, NORTHEAST QUARTER
SOUTHWEST QUARTER AND NORTHWEST QUARTER
SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 23
SOUTH, RANGE 37 EAST, NMPM, LEA COUNTY, NEW
MEXICO ADJACENT TO THE LANGMAT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 27th day of May, 1954, the Commission, a quorum being present having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof,
- (2) That pursuant to provisions of Rule 7 (a) of Order No. R-369-A, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission,
- (3) That applicant, Skelly Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico the land consisting of other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
W/2 SW/4, NE/4 SW/4, NW/4 SE/4 of Section 17
containing 160 acres, more or less.

(4) That applicant, Skelly Oil Company, has a producing well on the aforesaid lease known as E. L. Steeler, No. 7 located 1980' from the South line and 660' from the West line of Section 17, Township 23 South, Range 37 East.

(5) That the aforesaid well is located within one mile of the limits of the pool heretofore delineated and designated as the Langmat Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the south half of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, and that the owner of adjoining acreage in said half section have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Langmat Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of Skelly Oil Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
W/2 SW/4, NE/4 SW/4, NW/4 SE/4 of Section 17

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, E. L. Steeler, No. 7, located in the NW/4 SW/4 of Section 17, Township 23 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 160 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary and Member

(S E A L)

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

December 10, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Samedan Oil Corporation
10 Desta Drive
Suite 240 East
Midland, Texas 79705

Attention: Judy Thorneberry

Administrative Order NSP-1640(L)

Dear Ms. Thorneberry:

Reference is made to your application dated November 18, 1991 for an 80-acre non-standard gas spacing and proration unit consisting of the following acreage in the Jalmat Gas Pool:

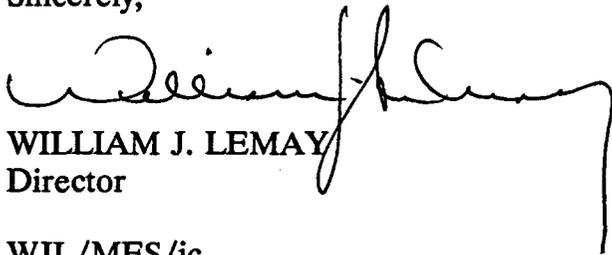
LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: W/2 NW/4

It is our understanding that this unit is to be dedicated to your existing Langlie - Mattix "B-4" Penrose (Queen) Unit Well No. 11 (formerly the Hughes "B-4" Well No. 11) which was drilled in 1965 and completed in the Langlie - Mattix Pool at a standard oil well location 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 17. We further understand that the existing Queen interval will be properly plugged back and said well will be recompleted to the Jalmat Gas Pool, which pursuant to the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended, is unorthodox.

Samedan Oil Corporation
Administrative Order NSP-1640(L)
Page 2

By authority granted me under the provisions of Rule 2(a)9 and 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above-described non-standard gas proration unit and resulting unorthodox gas well location is hereby approved.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
U.S. BLM - Carlsbad

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

December 10, 1991



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Samedan Oil Corporation
10 Desta Drive
Suite 240 East
Midland, Texas 79705

Attention: Judy Thorneberry

Administrative Order NSP-1641(L)

Dear Ms. Thorneberry:

Reference is made to your application dated November 18, 1991 for an 80-acre non-standard gas spacing and proration unit consisting of the following acreage in the Jalmat Gas Pool:

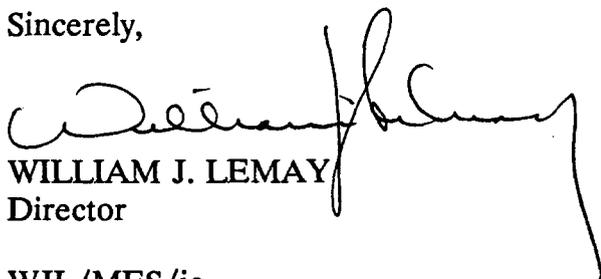
LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 17: E/2 NW/4

It is our understanding that this unit is to be dedicated to your existing Langlie - Mattix "B-4" Penrose (Queen) Unit Well No. 8 (formerly the Hughes "B-4" Well No. 8) which was drilled in 1955 and completed in the Langlie - Mattix Pool at a standard oil well location 1980 feet from the North line and 1800 feet from the West line (Unit F) of said Section 17. We further understand that the existing Queen interval will be properly plugged back and said well will be recompleted to the Jalmat Gas Pool, which pursuant to the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended, is unorthodox.

Samedan Oil Corporation
Administrative Order NSP-1641(L)
Page 2

By authority granted me under the provisions of Rule 2(a)9 and 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above-described non-standard gas proration unit and resulting unorthodox gas well location is hereby approved.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
U.S. BLM - Carlsbad

CMD :
OG6ACRE
ONGARD
C102-DEDICATE ACREAGE

04/08/04 08:34:53
OGOMES -TPY3
Page No : 1

API Well No : 30 25 21471 Eff Date : 09-01-1996
Pool Idn : 79240 JALMAT;TAN-YATES-7 RVR5 (GAS)
Prop Idn : 32509 HUGHES B 4
Spacing Unit : 56954 OCD Order :
Sect/Twp/Rng : 17 23S 37E Acreage : 80.00 Revised C102? (Y/N) :
Dedicated Land:

NSP-1640(L)

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
D	17	23S	37E	40.00	N	FD			
E	17	23S	37E	40.00	N	FD			

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD
OG6ACRE C102-DEDICATE ACREAGE

04/08/04 08:36:52
OGOMES -TPY3
Page No : 1

API Well No : 30 25 25191 Eff Date : 10-01-1994
Pool Idn : 79240 JALMAT;TAN-YATES-7 RVRs (GAS)
Prop Idn : 31064 HUGHES FEDERAL Well No : 003
Spacing Unit : 44543 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : 17 23S 37E Acreage : 160.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
I	17	23S	37E	40.00	N	FD			
N	17	23S	37E	40.00	N	FD			
O	17	23S	37E	40.00	N	FD			
P	17	23S	37E	40.00	N	FD			

E00005: Enter data to modify or PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :
OG6IWCM INQUIRE WELL COMPLETIONS

ONGARD
04/08/04 08:34:27
OGOMES -TPY3

API Well No : 30 25 10790 Eff Date : 02-08-1994 WC Status : A
Pool Idn : 37240 LANGLEIE MATTIX;7 RVR5-Q-GRAYBURG
OGRID Idn : 25504 YARBROUGH OIL LP
Prop Idn : 16406 E L STEELER

Well No : 008
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : G 17 23S 37E FTG 1980 F N FTG 1980 F E A
Lot Identifier:
Dedicated Acre: 40.00
Lease Type : P
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD
OG6ACRE C102-DEDICATE ACREAGE

04/08/04 08:35:43
OGOMES -TPY3
Page No : 1

API Well No : 30 25 10771 Eff Date : 02-08-2003
Pool Idn : 79240 JALMAT;TAN-YATES-7 RVR5 (GAS)
Prop Idn : 32509 HUGHES B 4
Spacing Unit : 57215 OCD Order :
Sect/Twp/Rng : 17 23S 37E Acreage : 80.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
C	17	23S	37E	40.00	N	FD			
F	17	23S	37E	40.00	N	FD			

NSP-1641(L)

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GOTO	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF



NSP-reinst. Ø)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 12, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Yarbrough Oil, L. P.
c/o **Oil Reports & Gas Services, Inc.**
1008 W. Broadway
Hobbs, New Mexico 88240

Attention: Gaye Heard
gheard@oilreportsinc.com

Administrative Order NSP-1871
(Administrative Reinstatement of Division Order No. R-479)

Dear Ms. Heard:

Reference is made to the following: (i) your application on behalf of the operator, Yarbrough Oil, L. P. (Yarbrough") filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on March 29, 2004 (*administrative application reference No. pMES0-410348639*); and (ii) the Division's records in Santa Fe: all concerning Yarbrough's request to administratively amend Division Order No. R-479, dated May 27, 1954, which order authorized the creation of a non-standard 160-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising the N/2 SW/4, SW/4 SW/4, and NW/4 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

By Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, the Division caused the prorating of gas production to cease within the Eumont Gas Pool and promulgated "*Special Pool Rules for the Jalmat Gas Pool*," which provides for: (i) 640-acre standard gas spacing units; (ii) gas development on a well density based on one well per 160 acres; (iii) gas well locations to be no closer than 660 feet to any outer boundary of its assigned gas spacing unit or governmental quarter section line nor closer than 330 feet to any governmental quarter-quarter section line; and (iv) administrative exceptions, in most cases, to these rules.

From the Division's records and from the information provided in your application, it is understood that by Division Order No. R-479, issued in Case No. 703 on May 27, 1954, this 160-acre non-standard gas spacing unit was initially established for Jalmat gas production from Skelly Oil Company's E. L. Steeler Well No. 7 (API No; 30-025-10789) located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 17. This well ceased producing from the Jalmat Gas Pool in February, 1974 and is currently temporarily abandoned in the Langlie-Mattix (Yates-Seven-Rivers-Queen-Grayburg) Pool (37240)

From your application, it would appear that Yarbrough intends to re-complete its E. L. Steeler Well No. 4 (API No. 30-025-10786), located at a standard Jalmat gas well location 860 feet from the South line and 660 feet from the West line (Unit M) of Section 17, from the Langlie-Mattix (Yates-Seven-Rivers-Queen-Grayburg) Pool into the Jalmat Gas Pool.

Yarbrough Oil, L. P.

Division Administrative Order NSP-1871
(Administrative Reinstatement of Division Order No. R-479)

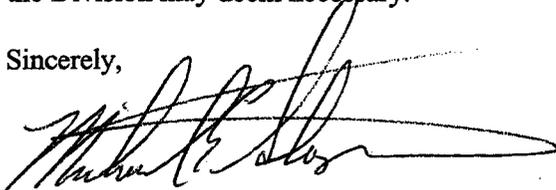
April 12, 2004

Page 2

The above-described 160-acre non-standard Jalmat gas spacing unit initially authorized by Division Order No. R-479 is hereby restored for Yarbrough's above-described E. L. Steeler Well No. 4. Division Order No. R-479 is hereby amended to reflect this well change; furthermore, all provisions applicable to the subject 160-acre non-standard gas spacing unit in Division Order No. R-479, not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



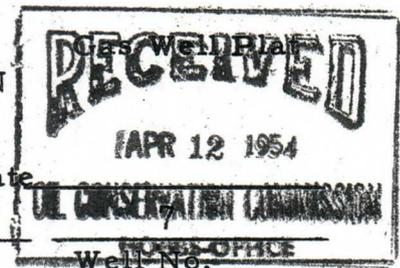
Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: Case No. 703
Mr. Eddy W. Seay – Hobbs, NM (seay04@leaco.net)

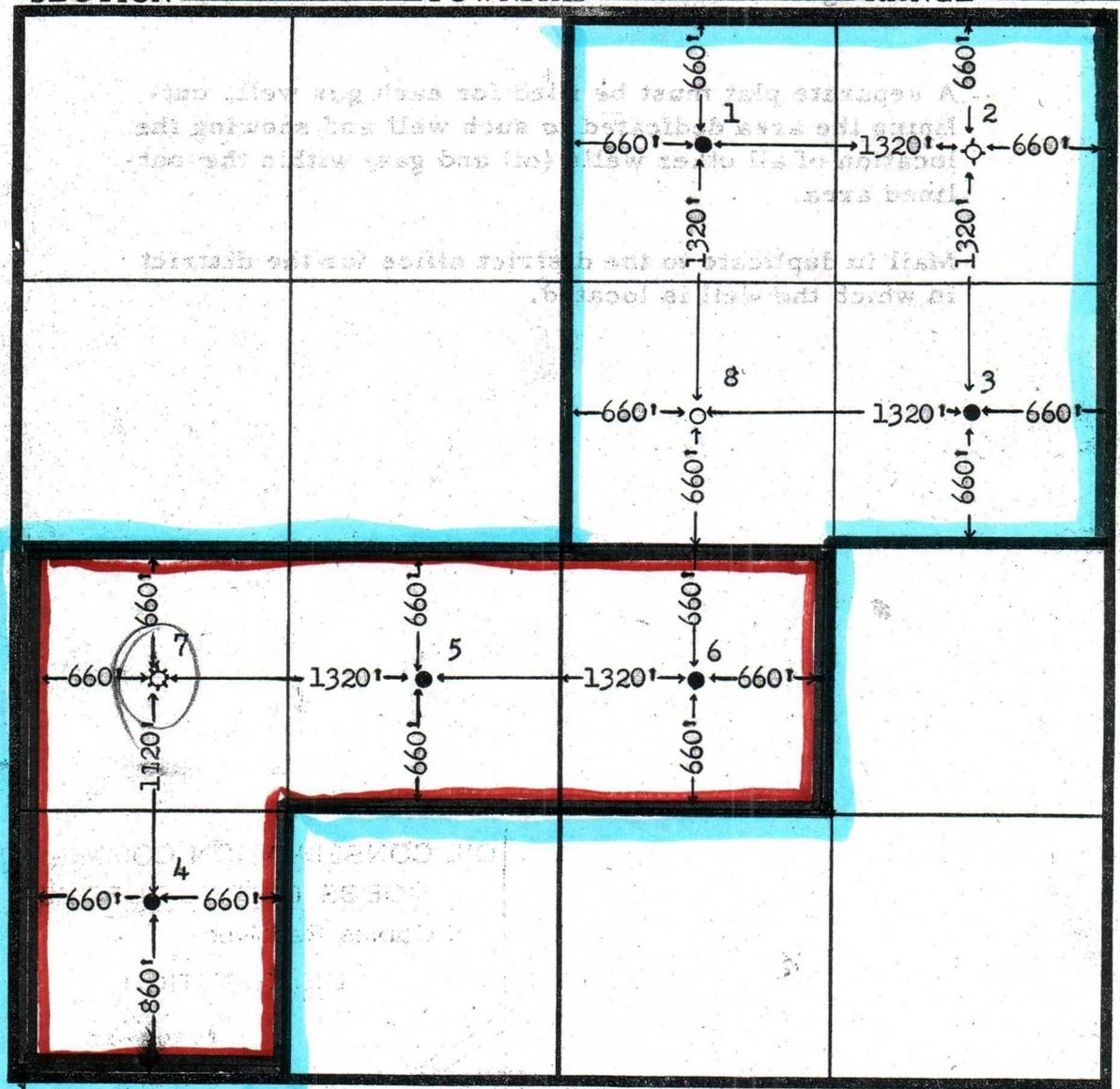
ORIGINAL

NEW MEXICO
OIL CONSERVATION COMMISSION



Date _____
Operator Skelly Oil Co. Lease E. L. Steeler
Name of Producing Formation Yates & 7-Rivers Pool Langmat Gas
No. Acres Dedicated to the Well 160

SECTION 17 TOWNSHIP 23S RANGE 37E



I hereby certify that the information given above is true and complete to the best of my knowledge.

Blue - Lease Lines
Red - Unit Lines

Name J. M. Sullivan
Position Dist. Supt.
Representing Skelly Oil Co.
Address Box 38, Hobbs, New Mexico

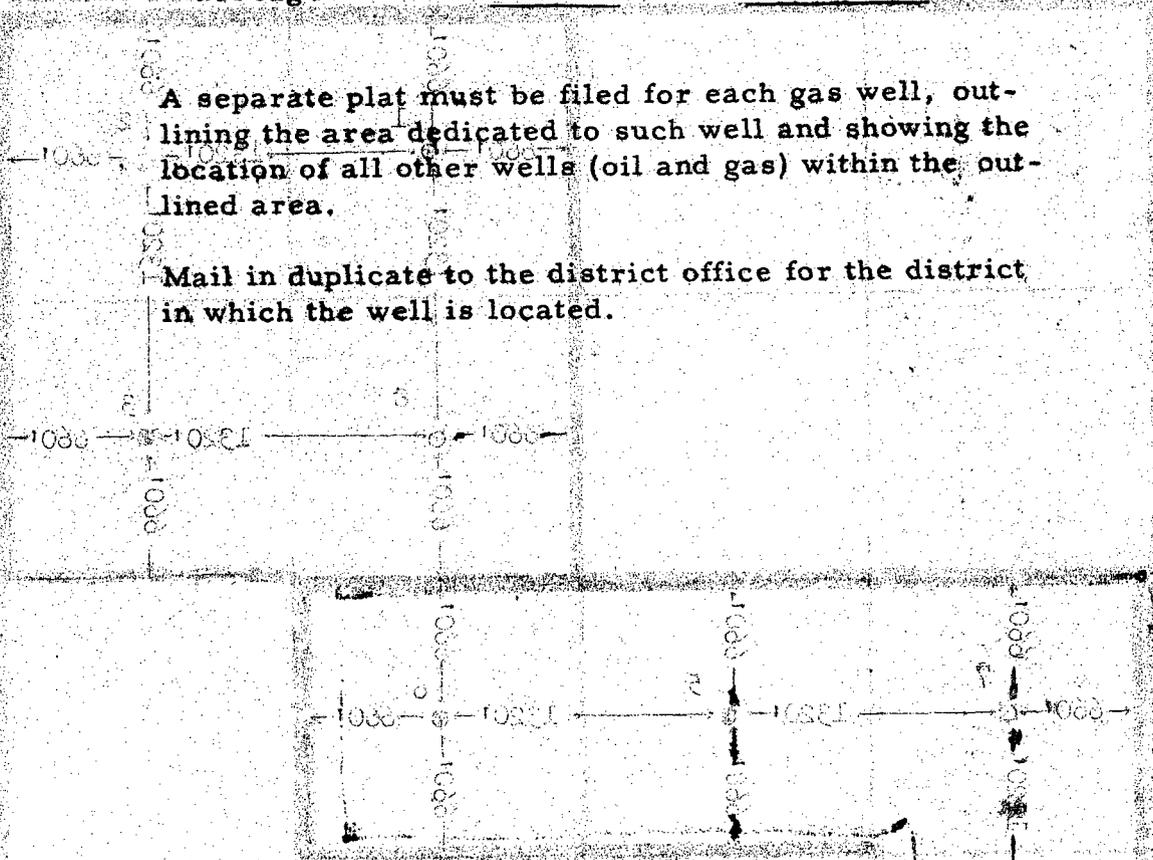
INSTRUCTIONS

1. Is this gas well a dual completion? Yes No

2. If the answer to Question 1 is Yes, are there any other dually completed wells within the dedicated acreage? Yes No

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.



OIL CONSERVATION COMMISSION	
HOBBS DISTRICT OFFICE	
No. Copies Received	
DISTRIBUTION	
	NO. FURNISHED.
Director	/
Santa Fe	/
State Land Office	
Transporter	
U. S. G. S.	/
File	

APR 1 9 49

MAIN OFFICE OCC

Oil & Gas Division
 Hobbs District Office
 Hobbs, New Mexico